



ANNUAL STATEMENT  
FOR THE YEAR ENDING DECEMBER 31, 2015  
OF THE CONDITION AND AFFAIRS OF THE

WellCare Health Insurance Company of Kentucky, Inc.

NAIC Group Code	01199	,	01199	NAIC Company Code	64467	Employer's ID Number	36-6069295
	(Current Period)		(Prior Period)				
Organized under the Laws of	Kentucky			State of Domicile or Port of Entry	Kentucky		
Country of Domicile	United States						
Licensed as business type:	Life, Accident & Health [ X ]      Property/Casualty [   ]      Hospital, Medical & Dental Service or Indemnity [   ] Dental Service Corporation [   ]      Vision Service Corporation [   ]      Health Maintenance Organization [   ] Other [   ]      Is HMO, Federally Qualified? Yes [   ] No [   ]						
Incorporated/Organized	03/27/1962			Commenced Business	08/31/1962		
Statutory Home Office	13551 Triton Park Blvd, Suite 1800			,	Louisville, KY, US 40223		
	(Street and Number)				(City or Town, State, Country and Zip Code)		
Main Administrative Office	8735 Henderson Road						
	Tampa, FL, US 33634				813-290-6200		
	(City or Town, State, Country and Zip Code)				(Area Code) (Telephone Number)		
Mail Address	P.O. Box 31391			,	Tampa, FL, US 33631-3391		
	(Street and Number or P.O. Box)				(City or Town, State, Country and Zip Code)		
Primary Location of Books and Records	8735 Henderson Road						
	Tampa, FL, US 33634				813-290-6200		
	(City or Town, State, Country and Zip Code)				(Area Code) (Telephone Number) (Extension)		
Internet Web Site Address	www.wellcare.com						
Statutory Statement Contact	Mike Wasik			,	813-206-2725		
	(Name)				(Area Code) (Telephone Number) (Extension)		
	michael.wasik@wellcare.com				813-675-2899		
	(E-Mail Address)				(Fax Number)		

OFFICERS

Name	Title	Name	Title
Kenneth Alan Burdick	President	Andrew Lynn Asher	CFO and Treasurer
Blair Williams Todt	Secretary and Senior Vice President	Maurice Sebastian Hebert	Asst Treasurer and Chief Accounting Officer

OTHER OFFICERS

Kelly Ann Munson	Region President		

DIRECTORS OR TRUSTEES

Andrew Lynn Asher	Maurice Sebastian Hebert	Blair Williams Todt	Kenneth Alan Burdick

State of .....Florida.....  
County of .....Hillsborough.....  
ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions* and *Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Kenneth Alan Burdick President	Andrew Lynn Asher CFO and Treasurer	Maurice Sebastian Hebert Asst Treasurer and Chief Accounting Officer
Subscribed and sworn to before me this _____ day of _____, _____		
a. Is this an original filing? Yes [ X ] No [   ]		
b. If no:		
1. State the amendment number _____		
2. Date filed _____		
3. Number of pages attached _____		

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	48,595,089		48,595,089	57,821,769
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	0		0	0
2.2 Common stocks .....	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ .....505,863,987 , Schedule E-Part 1), cash equivalents (\$ .....0 , Schedule E-Part 2) and short-term investments (\$ .....40,769,871 , Schedule DA).....	546,633,858		546,633,858	328,300,650
6. Contract loans (including \$ ..... premium notes).....			0	0
7. Derivatives (Schedule DB).....	0		0	0
8. Other invested assets (Schedule BA) .....	0		0	0
9. Receivables for securities .....			0	0
10. Securities lending reinvested collateral assets (Schedule DL).....			0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	595,228,947	0	595,228,947	386,122,419
13. Title plants less \$ ..... charged off (for Title insurers only).....			0	0
14. Investment income due and accrued .....	571,141		571,141	497,794
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	16,594,346		16,594,346	52,027,947
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums).....			0	0
15.3 Accrued retrospective premiums (\$ ..... ) and contracts subject to redetermination (\$ ..... ) .....			0	5,550,373
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	1,597,308		1,597,308	2,156,034
16.2 Funds held by or deposited with reinsured companies .....			0	0
16.3 Other amounts receivable under reinsurance contracts .....			0	0
17. Amounts receivable relating to uninsured plans .....	26,345,483		26,345,483	30,604,612
18.1 Current federal and foreign income tax recoverable and interest thereon .....	14,950,219		14,950,219	4,114,253
18.2 Net deferred tax asset.....	7,623,919		7,623,919	9,299,745
19. Guaranty funds receivable or on deposit .....			0	0
20. Electronic data processing equipment and software.....			0	0
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
23. Receivables from parent, subsidiaries and affiliates .....			0	0
24. Health care (\$ .....25,009,920 ) and other amounts receivable.....	27,582,517	2,571,757	25,010,760	30,484,505
25. Aggregate write-ins for other-than-invested assets .....	5,306,090	1,390,831	3,915,259	1,765,561
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	695,799,970	3,962,588	691,837,382	522,623,243
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	695,799,970	3,962,588	691,837,382	522,623,243
DETAILS OF WRITE-INS				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	0	0	0	0
2501. Other non-admitted assets (prepaids).....	245,127	245,127	0	0
2502. ASO prepayments.....	1,171,275	1,102,128	69,147	0
2503. State and other taxes recoverable.....	3,846,112		3,846,112	1,765,561
2598. Summary of remaining write-ins for Line 25 from overflow page .....	43,576	43,576	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	5,306,090	1,390,831	3,915,259	1,765,561

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ ..... reinsurance ceded)	311,935,033		311,935,033	287,236,907
2. Accrued medical incentive pool and bonus amounts .....			0	0
3. Unpaid claims adjustment expenses .....	3,048,444		3,048,444	2,203,012
4. Aggregate health policy reserves, including the liability of \$ ..... for medical loss ratio rebate per the Public Health Service Act.....	28,167,251		28,167,251	8,912,025
5. Aggregate life policy reserves .....			0	0
6. Property/casualty unearned premium reserves .....			0	0
7. Aggregate health claim reserves.....			0	0
8. Premiums received in advance .....	27,372,658		27,372,658	0
9. General expenses due or accrued .....	16,547,948		16,547,948	2,109,261
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses)).....			0	0
10.2 Net deferred tax liability .....			0	0
11. Ceded reinsurance premiums payable .....	80,016		80,016	98,111
12. Amounts withheld or retained for the account of others .....			0	0
13. Remittances and items not allocated .....			0	0
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current) .....			0	0
15. Amounts due to parent, subsidiaries and affiliates .....	2,808,585		2,808,585	10,034,405
16. Derivatives.....		0	0	0
17. Payable for securities .....			0	0
18. Payable for securities lending .....			0	0
19. Funds held under reinsurance treaties (with \$ ..... authorized reinsurers, \$ .....114,201 unauthorized reinsurers and \$ ..... certified reinsurers).....	114,201		114,201	0
20. Reinsurance in unauthorized and certified (\$ .....) companies.....			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates .....			0	0
22. Liability for amounts held under uninsured plans .....			0	0
23. Aggregate write-ins for other liabilities (including \$ ..... current) .....	419,034	0	419,034	320,335
24. Total liabilities (Lines 1 to 23).....	390,493,170	0	390,493,170	310,914,056
25. Aggregate write-ins for special surplus funds .....	XXX	XXX	47,539,000	45,802,000
26. Common capital stock .....	XXX	XXX	2,500,000	2,500,000
27. Preferred capital stock .....	XXX	XXX		0
28. Gross paid in and contributed surplus .....	XXX	XXX	137,298,516	137,298,516
29. Surplus notes .....	XXX	XXX		0
30. Aggregate write-ins for other-than-special surplus funds .....	XXX	XXX	0	0
31. Unassigned funds (surplus) .....	XXX	XXX	114,006,696	26,108,671
32. Less treasury stock, at cost: 32.1 .....shares common (value included in Line 26 \$ ..... ) .....	XXX	XXX		0
32.2 .....shares preferred (value included in Line 27 \$ ..... ) .....	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32) .....	XXX	XXX	301,344,212	211,709,187
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	691,837,382	522,623,243
DETAILS OF WRITE-INS				
2301. Unclaimed property payable.....	419,034		419,034	320,335
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	419,034	0	419,034	320,335
2501. Estimated ACA Industry Fee (following year).....	XXX	XXX	47,539,000	45,802,000
2502. ....	XXX	XXX		
2503. ....	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	47,539,000	45,802,000
3001. ....	XXX	XXX		
3002. ....	XXX	XXX		
3003. ....	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page .....	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	6,285,380	5,911,513
2. Net premium income (including \$ .....0 non-health premium income).....	XXX	2,763,179,072	2,419,363,353
3. Change in unearned premium reserves and reserve for rate credits .....	XXX		0
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX		0
5. Risk revenue .....	XXX		0
6. Aggregate write-ins for other health care related revenues .....	XXX	13,101	0
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	2,763,192,173	2,419,363,353
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		1,404,723,968	1,288,758,375
10. Other professional services .....		180,718,659	164,091,534
11. Outside referrals .....			0
12. Emergency room and out-of-area .....		151,913,990	142,495,893
13. Prescription drugs .....		545,088,683	467,754,631
14. Aggregate write-ins for other hospital and medical .....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15) .....	0	2,282,445,300	2,063,100,433
<b>Less:</b>			
17. Net reinsurance recoveries .....		714,298	543,573
18. Total hospital and medical (Lines 16 minus 17) .....	0	2,281,731,002	2,062,556,860
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$ .....21,436,054 cost containment expenses.....		50,786,879	72,914,641
21. General administrative expenses.....		220,615,018	134,240,495
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22) .....	0	2,553,132,899	2,269,711,996
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	210,059,274	149,651,357
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		2,709,480	991,263
26. Net realized capital gains (losses) less capital gains tax of \$ .....(82,117).....		(82,117)	0
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	2,627,363	991,263
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....		0	0
29. Aggregate write-ins for other income or expenses .....	0	(1,280,689)	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	211,405,948	150,642,620
31. Federal and foreign income taxes incurred .....	XXX	92,429,830	61,653,964
32. Net income (loss) (Lines 30 minus 31) .....	XXX	118,976,118	88,988,656
<b>DETAILS OF WRITE-INS</b>			
0601. Other income.....	XXX	13,101	
0602. ....	XXX		
0603. ....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	XXX	13,101	0
0701. ....	XXX		
0702. ....	XXX		
0703. ....	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	XXX	0	0
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	0	0	0
2901. Fines and penalties.....		(1,280,689)	
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	0	(1,280,689)	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year .....	211,709,187	123,547,341
34. Net income or (loss) from Line 32 .....	118,976,118	88,988,656
35. Change in valuation basis of aggregate policy and claim reserves .....		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....		0
37. Change in net unrealized foreign exchange capital gain or (loss) .....		0
38. Change in net deferred income tax .....	(1,675,824)	3,202,530
39. Change in nonadmitted assets .....	12,334,731	(4,029,340)
40. Change in unauthorized and certified reinsurance .....	0	0
41. Change in treasury stock .....	0	0
42. Change in surplus notes .....	0	0
43. Cumulative effect of changes in accounting principles .....		0
44. Capital Changes:		
44.1 Paid in .....	0	0
44.2 Transferred from surplus (Stock Dividend) .....		0
44.3 Transferred to surplus .....		0
45. Surplus adjustments:		
45.1 Paid in .....	0	0
45.2 Transferred to capital (Stock Dividend) .....	0	0
45.3 Transferred from capital .....		0
46. Dividends to stockholders .....	(40,000,000)	0
47. Aggregate write-ins for gains or (losses) in surplus .....	0	0
48. Net change in capital and surplus (Lines 34 to 47) .....	89,635,025	88,161,846
49. Capital and surplus end of reporting year (Line 33 plus 48)	301,344,212	211,709,187
DETAILS OF WRITE-INS		
4701. ....		0
4702. ....		0
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page .....	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

		1	2
		Current Year	Prior Year
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....		2,850,772,835	2,378,433,212
2. Net investment income .....		4,083,675	901,444
3. Miscellaneous income .....			0
4. Total (Lines 1 through 3) .....		2,854,856,510	2,379,334,656
5. Benefit and loss related payments .....		2,247,317,765	1,930,855,054
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
7. Commissions, expenses paid and aggregate write-ins for deductions .....		255,219,888	236,012,869
8. Dividends paid to policyholders .....			0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses)		103,265,796	63,292,348
10. Total (Lines 5 through 9) .....		2,605,803,449	2,230,160,271
11. Net cash from operations (Line 4 minus Line 10).....		249,053,061	149,174,385
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....		11,266,240	400,000
12.2 Stocks .....		0	0
12.3 Mortgage loans .....		0	0
12.4 Real estate .....		0	0
12.5 Other invested assets .....		0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....		(2,347)	0
12.7 Miscellaneous proceeds .....		0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....		11,263,893	400,000
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....		3,484,755	54,799,924
13.2 Stocks .....		0	0
13.3 Mortgage loans .....		0	0
13.4 Real estate .....		0	0
13.5 Other invested assets .....		0	0
13.6 Miscellaneous applications .....		0	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....		3,484,755	54,799,924
14. Net increase (decrease) in contract loans and premium notes .....		0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....		7,779,138	(54,399,924)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....		0	0
16.2 Capital and paid in surplus, less treasury stock .....		0	0
16.3 Borrowed funds .....		0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....		0	0
16.5 Dividends to stockholders .....		40,000,000	0
16.6 Other cash provided (applied).....		1,501,009	(14,763,954)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....		(38,498,991)	(14,763,954)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....		218,333,208	80,010,507
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year .....		328,300,650	248,290,143
19.2 End of year (Line 18 plus Line 19.1).....		546,633,858	328,300,650

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE WellCare Health Insurance Company of Kentucky, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income .....	2,763,179,072	(1,480,765)	0	0	0	0	81,687,212	2,612,408,363	70,564,262	0
2. Change in unearned premium reserves and reserve for rate credit .....	0									
3. Fee-for-service (net of \$ ..... medical expenses) .....	0									XXX
4. Risk revenue.....	0									XXX
5. Aggregate write-ins for other health care related revenues.....	13,101	13,101	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6) .....	2,763,192,173	(1,467,664)	0	0	0	0	81,687,212	2,612,408,363	70,564,262	0
8. Hospital/medical benefits .....	1,404,723,968	107,958					63,950,473	1,340,665,537		XXX
9. Other professional services .....	180,718,659						745,114	179,973,545		XXX
10. Outside referrals .....	0									XXX
11. Emergency room and out-of-area .....	151,913,990	42,667					3,223,868	148,647,455		XXX
12. Prescription drugs .....	545,088,683	(34,552)					5,569,146	487,980,351	51,573,738	XXX
13. Aggregate write-ins for other hospital and medical.....	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts.....	0									XXX
15. Subtotal (Lines 8 to 14) .....	2,282,445,300	116,073	0	0	0	0	73,488,601	2,157,266,888	51,573,738	XXX
16. Net reinsurance recoveries .....	714,299							714,299		XXX
17. Total hospital and medical (Lines 15 minus 16) .....	2,281,731,001	116,073	0	0	0	0	73,488,601	2,156,552,589	51,573,738	XXX
18. Non-health claims (net) .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ .....21,436,054 cost containment expenses.....	50,786,879	(31,308)					1,522,646	48,020,169	1,275,372	
20. General administrative expenses .....	220,615,018	(3,118)					10,478,232	201,085,106	9,054,798	
21. Increase in reserves for accident and health contracts .....	0									XXX
22. Increase in reserves for life contracts.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22) .....	2,553,132,898	81,647	0	0	0	0	85,489,479	2,405,657,864	61,903,908	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23) .....	210,059,275	(1,549,311)	0	0	0	0	(3,802,267)	206,750,499	8,660,354	0
DETAILS OF WRITE-INS										
0501. Other income.....	13,101	13,101								XXX
0502. ....										XXX
0503. ....										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	13,101	13,101	0	0	0	0	0	0	0	XXX
0601. ....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602. ....		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603. ....		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. ....										XXX
1302. ....										XXX
1303. ....										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page .....	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above) .....	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical) .....	(1,285,937)		194,828	(1,480,765)
2. Medicare Supplement .....				.0
3. Dental only.....				.0
4. Vision only.....				.0
5. Federal Employees Health Benefits Plan .....				.0
6. Title XVIII - Medicare .....	79,632,726	2,056,185	1,699	81,687,212
7. Title XIX - Medicaid.....	2,612,771,872		363,509	2,612,408,363
8. Other health.....	70,564,262			70,564,262
9. Health subtotal (Lines 1 through 8) .....	2,761,682,923	2,056,185	560,036	2,763,179,072
10. Life .....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11)	2,761,682,923	2,056,185	560,036	2,763,179,072



ANNUAL STATEMENT FOR THE YEAR 2015 OF THE WellCare Health Insurance Company of Kentucky, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non- Health
1. Payments during the year:										
1.1 Direct .....	2,248,590,789	3,980,765					71,926,572	2,124,520,923	48,162,529	
1.2 Reinsurance assumed .....	0									
1.3 Reinsurance ceded .....	1,273,025						(94,640)	1,367,665		
1.4 Net .....	2,247,317,764	3,980,765	0	0	0	0	72,021,212	2,123,153,258	48,162,529	0
2. Paid medical incentive pools and bonuses .....	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct .....	311,935,033	210,388	0	0	0	0	10,235,274	300,333,842	1,155,529	0
3.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0
3.4 Net .....	311,935,033	210,388	0	0	0	0	10,235,274	300,333,842	1,155,529	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct .....	0									
4.2 Reinsurance assumed .....	0									
4.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0
4.4 Net .....	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year .....	0									
6. Net healthcare receivables (a).....	(9,156,386)	(541,427)					1,454,966	(5,864,368)	(4,205,557)	
7. Amounts recoverable from reinsurers December 31, current year .....	1,597,308						540,940	1,056,368		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct .....	287,236,907	4,616,506	0	0	0	0	7,218,279	273,452,244	1,949,878	0
8.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0
8.4 Net .....	287,236,907	4,616,506	0	0	0	0	7,218,279	273,452,244	1,949,878	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct .....	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0
9.4 Net .....	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year .....	0	0	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year .....	2,156,034	0	0	0	0	0	446,300	1,709,734	0	0
12. Incurred benefits:										
12.1 Direct .....	2,282,445,301	116,074	0	0	0	0	73,488,601	2,157,266,889	51,573,737	0
12.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded .....	714,299	0	0	0	0	0	0	714,299	0	0
12.4 Net .....	2,281,731,002	116,074	0	0	0	0	73,488,601	2,156,552,590	51,573,737	0
13. Incurred medical incentive pools and bonuses .....	0	0	0	0	0	0	0	0	0	0

(a) Excludes \$ ..... loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1. Direct .....	84,071,656	210,388					1,784,109	80,921,630	1,155,529	
1.2. Reinsurance assumed .....	0									
1.3. Reinsurance ceded .....	0									
1.4. Net .....	84,071,656	210,388	0	0	0	0	1,784,109	80,921,630	1,155,529	0
2. Incurred but Unreported:										
2.1. Direct .....	227,863,377						8,451,165	219,412,212		
2.2. Reinsurance assumed .....	0									
2.3. Reinsurance ceded .....	0									
2.4. Net .....	227,863,377	0	0	0	0	0	8,451,165	219,412,212	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1. Direct .....	0									
3.2. Reinsurance assumed .....	0									
3.3. Reinsurance ceded .....	0									
3.4. Net .....	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1. Direct .....	311,935,033	210,388	0	0	0	0	10,235,274	300,333,842	1,155,529	0
4.2. Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0
4.4. Net .....	311,935,033	210,388	0	0	0	0	10,235,274	300,333,842	1,155,529	0

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid December 31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	4,619,891		210,388		4,830,279	4,616,506
2. Medicare Supplement .....					.0	.0
3. Dental Only.....					.0	.0
4. Vision Only.....					.0	.0
5. Federal Employees Health Benefits Plan .....					.0	.0
6. Title XVIII - Medicare .....	7,173,064	65,971,086	245,715	9,989,558	7,418,779	7,218,278
7. Title XIX - Medicaid.....	188,917,012	1,952,662,524	30,716,060	269,617,783	219,633,072	273,452,245
8. Other health .....	950,305	64,299,178		1,155,529	950,305	1,949,878
9. Health subtotal (Lines 1 to 8).....	201,660,272	2,082,932,788	31,172,163	280,762,870	232,832,435	287,236,907
10. Healthcare receivables (a).....	2,114,837	25,445,347			2,114,837	.0
11. Other non-health.....					.0	.0
12. Medical incentive pools and bonus amounts .....					.0	.0
13. Totals (Lines 9-10+11+12)	199,545,435	2,057,487,441	31,172,163	280,762,870	230,717,598	287,236,907

(a) Excludes \$ ..... loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)

Section A – Paid Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	.0	.0	.0	.0	.0
2. 2011.....	.6, 108	.10, 555	.10, 555	.10, 555	.10, 555
3. 2012.....	XXX	183, 163	189, 053	189, 053	189, 053
4. 2013.....	XXX	XXX	.59, 934	.66, 654	.66, 654
5. 2014.....	XXX	XXX	XXX	.87, 006	.91, 520
6. 2015.....	XXX	XXX	XXX	XXX	0

Section B – Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	.0	.0	.0	.0	.0
2. 2011.....	.33, 327	.10, 366	.10, 555	.10, 555	.10, 555
3. 2012.....	XXX	187, 740	189, 393	189, 393	189, 393
4. 2013.....	XXX	XXX	.68, 622	.66, 654	.66, 654
5. 2014.....	XXX	XXX	XXX	.91, 195	.91, 730
6. 2015.....	XXX	XXX	XXX	XXX	0

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Hospital and Medical

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2+3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  (Col. 9/1) Percent
1. 2011.....	.33, 548	.10, 555		.0.0	.10, 555	.31.5			.10, 555	.31.5
2. 2012.....	.97, 769	189, 053		.0.0	189, 053	193.4			189, 053	193.4
3. 2013.....	.95, 018	.66, 654		.0.0	.66, 654	.70.1			.66, 654	.70.1
4. 2014.....	.92, 961	.91, 520		.0.0	.91, 520	.98.4	210		.91, 730	.98.7
5. 2015.....	(1,481)	0	2	0.0	2	(0.1)		47	49	(3.3)

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)

Section A - Paid Health Claims - Medicare

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	908,323	.0	.0	.0	.0
2. 2011.....	.0	267	267	267	267
3. 2012.....	XXX	.0	(53)	(53)	(53)
4. 2013.....	XXX	XXX	15,460	19,153	19,153
5. 2014.....	XXX	XXX	XXX	35,304	42,455
6. 2015.....	XXX	XXX	XXX	XXX	63,320

Section B - Incurred Health Claims - Medicare

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	908,333	.0	.0	.0	.0
2. 2011.....	.0	267	267	267	267
3. 2012.....	XXX	.0	(53)	(53)	(53)
4. 2013.....	XXX	XXX	19,039	19,154	19,153
5. 2014.....	XXX	XXX	XXX	42,520	42,701
6. 2015.....	XXX	XXX	XXX	XXX	73,310

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Medicare

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2+3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  (Col. 9/1) Percent
1. 2011.....	191	267		0.0	267	139.8			267	139.8
2. 2012.....	453	(53)		0.0	(53)	(11.7)			(53)	(11.7)
3. 2013.....	23,479	19,153		0.0	19,153	81.6			19,153	81.6
4. 2014.....	39,793	42,455		0.0	42,455	106.7	246		42,701	107.3
5. 2015.....	81,687	63,320	1,608	2.5	64,928	79.5	9,990	106	75,024	91.8

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	0	0	0	0	0
2. 2011.....	27,897	79,210	79,210	79,210	79,210
3. 2012.....	XXX	435,252	515,948	515,948	515,948
4. 2013.....	XXX	XXX	967,114	1,080,055	1,080,055
5. 2014.....	XXX	XXX	XXX	1,598,463	1,785,392
6. 2015.....	XXX	XXX	XXX	XXX	1,942,749

Section B – Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	0	0	0	0	0
2. 2011.....	55,145	77,914	79,210	79,210	79,210
3. 2012.....	XXX	523,636	515,983	515,948	515,948
4. 2013.....	XXX	XXX	1,092,566	1,096,416	1,080,055
5. 2014.....	XXX	XXX	XXX	1,855,555	1,816,108
6. 2015.....	XXX	XXX	XXX	XXX	2,212,367

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2+3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  (Col. 9/1) Percent
1. 2011.....	52,697	79,210		0.0	79,210	150.3			79,210	150.3
2. 2012.....	584,334	515,948		0.0	515,948	88.3			515,948	88.3
3. 2013.....	1,223,272	1,080,055		0.0	1,080,055	88.3			1,080,055	88.3
4. 2014.....	1,718,865	1,785,392		0.0	1,785,392	103.9	30,716		1,816,108	105.7
5. 2015.....	2,612,409	1,942,749	47,202	2.4	1,989,951	76.2	269,617	2,895	2,262,463	86.6

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)

Section A - Paid Health Claims - Other

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	.96,128	.96,128	.96,128	.96,128	.96,128
2. 2011 .....	.49,816	.51,288	.51,288	.51,288	.51,288
3. 2012 .....	XXX	.45,382	.45,150	.45,150	.45,150
4. 2013 .....	XXX	XXX	.51,389	.51,904	.51,904
5. 2014 .....	XXX	XXX	XXX	.70,136	.71,086
6. 2015 .....	XXX	XXX	XXX	XXX	51,418

Section B – Incurred Health Claims - Other

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	.96,671	.96,128	.96,128	.96,128	.96,128
2. 2011 .....	.51,262	.51,288	.51,288	.51,288	.51,288
3. 2012 .....	XXX	.46,594	.45,150	.45,150	.45,150
4. 2013 .....	XXX	XXX	.52,327	.51,904	.51,904
5. 2014 .....	XXX	XXX	XXX	.72,086	.71,086
6. 2015 .....	XXX	XXX	XXX	XXX	52,573

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Other

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2+3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  (Col. 9/1) Percent
1. 2011 .....	.69,021	.51,288		.0.0	.51,288	.74.3			.51,288	.74.3
2. 2012 .....	.61,127	.45,150		.0.0	.45,150	.73.9			.45,150	.73.9
3. 2013 .....	.61,920	.51,904		.0.0	.51,904	.83.8			.51,904	.83.8
4. 2014 .....	.79,823	.71,086		.0.0	.71,086	.89.1	.0		.71,086	.89.1
5. 2015 .....	70,564	51,418	1,129	2.2	52,547	74.5	1,156		53,703	76.1

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	1,004,451	.96,128	.96,128	.96,128	.96,128
2. 2011.....	.83,821	141,320	141,320	141,320	141,320
3. 2012.....	XXX	663,797	750,098	750,098	750,098
4. 2013.....	XXX	XXX	1,093,897	1,217,766	1,217,766
5. 2014.....	XXX	XXX	XXX	1,790,909	1,990,453
6. 2015.....	XXX	XXX	XXX	XXX	2,057,487

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	1,005,004	.96,128	.96,128	.96,128	.96,128
2. 2011.....	139,734	139,835	141,320	141,320	141,320
3. 2012.....	XXX	757,970	750,473	750,438	750,438
4. 2013.....	XXX	XXX	1,232,554	1,234,128	1,217,766
5. 2014.....	XXX	XXX	XXX	2,061,356	2,021,625
6. 2015.....	XXX	XXX	XXX	XXX	2,338,250

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2+3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  (Col. 9/1) Percent
1. 2011.....	155,457	141,320	.0	.0	141,320	.90.9	.0	.0	141,320	.90.9
2. 2012.....	743,683	750,098	.0	.0	750,098	100.9	.0	.0	750,098	100.9
3. 2013.....	1,403,689	1,217,766	.0	.0	1,217,766	.86.8	.0	.0	1,217,766	.86.8
4. 2014.....	1,931,442	1,990,453	.0	.0	1,990,453	103.1	.31,172	.0	2,021,625	104.7
5. 2015.....	2,763,179	2,057,487	49,941	2.4	2,107,428	76.3	280,763	3,048	2,391,239	86.5



UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	.0								
2. Additional policy reserves (a).....	.0								
3. Reserve for future contingent benefits.....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ ..... for investment income).....	28,167,251						621,712	18,712,233	8,833,306
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross) .....	28,167,251	.0	.0	.0	.0	.0	621,712	18,712,233	8,833,306
7. Reinsurance ceded .....	.0								
8. Totals (Net) (Page 3, Line 4)	28,167,251	0	0	0	0	0	621,712	18,712,233	8,833,306
9. Present value of amounts not yet due on claims .....	.0								
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0								
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501. ....									
0502. ....									
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101. ....									
1102. ....									
1103. ....									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ ..... premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ .....for occupancy of own building) .....	546,716	748,579	3,794,066		5,089,361
2. Salaries, wages and other benefits .....	8,659,059	11,856,217	60,736,762		81,252,038
3. Commissions (less \$ .....ceded plus \$ .....assumed) .....			2,006,133		2,006,133
4. Legal fees and expenses .....	804,367	1,101,361	5,582,092		7,487,820
5. Certifications and accreditation fees .....	0	0	0		0
6. Auditing, actuarial and other consulting services .....	105,301	144,181	730,760		980,242
7. Traveling expenses .....	170,388	233,299	1,201,224		1,604,911
8. Marketing and advertising .....	40,311	55,194	686,808		782,313
9. Postage, express and telephone .....	1,050,625	1,438,543	7,367,080		9,856,248
10. Printing and office supplies .....	1,261,613	1,727,434	9,063,620		12,052,667
11. Occupancy, depreciation and amortization .....	1,225,521	1,678,017	8,507,308		11,410,846
12. Equipment .....	55,412	75,872	384,545		515,829
13. Cost or depreciation of EDP equipment and software .....	987,368	1,351,931	6,852,071		9,191,370
14. Outsourced services including EDP, claims, and other services .....	5,124,374	7,016,431	39,961,353		52,102,158
15. Boards, bureaus and association fees .....	698,765	956,767	4,939,361		6,594,893
16. Insurance, except on real estate .....	145,088	198,658	1,006,869		1,350,615
17. Collection and bank service charges .....	79,195	108,436	549,592		737,223
18. Group service and administration fees .....	0	0	0		0
19. Reimbursements by uninsured plans .....	0	0	0		0
20. Reimbursements from fiscal intermediaries .....	0	0	0		0
21. Real estate expenses .....	0	0	0		0
22. Real estate taxes .....	0	0	0		0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....	(29,955)	(41,015)	5,594,243		5,523,273
23.2 State premium taxes .....	0	0	13,166,024		13,166,024
23.3 Regulatory authority licenses and fees .....	0	0	0		0
23.4 Payroll taxes .....	510,490	698,976	3,609,228		4,818,694
23.5 Other (excluding federal income and real estate taxes) .....	1,416	1,944	581,500		584,860
24. Investment expenses not included elsewhere .....					0
25. Aggregate write-ins for expenses .....	0	0	44,294,379	0	44,294,379
26. Total expenses incurred (Lines 1 to 25) .....	21,436,054	29,350,825	220,615,018	0 (a)	271,401,897
27. Less expenses unpaid December 31, current year .....		3,048,444	16,547,948		19,596,392
28. Add expenses unpaid December 31, prior year .....	0	2,203,012	2,109,261	0	4,312,273
29. Amounts receivable relating to uninsured plans, prior year .....	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year .....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	21,436,054	28,505,393	206,176,331	0	256,117,778
DETAILS OF WRITE-INS					
2501. ACA industry fee.....			44,294,379		44,294,379
2502. ....					0
2503. ....					
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0	0
2599. Totals (Line 2501 through 2503 plus 2598) (Line 25 above)	0	0	44,294,379	0	44,294,379

(a) Includes management fees of \$ .....198,701,990 to affiliates and \$ .....to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a).....278,273	.....465,146
1.1	Bonds exempt from U.S. tax .....	(a).....	.....
1.2	Other bonds (unaffiliated) .....	(a).....449,871	.....295,340
1.3	Bonds of affiliates .....	(a).....0	.....
2.1	Preferred stocks (unaffiliated) .....	(b).....0	.....
2.11	Preferred stocks of affiliates .....	(b).....0	.....
2.2	Common stocks (unaffiliated) .....	.....0	.....
2.21	Common stocks of affiliates .....	.....0	.....
3.	Mortgage loans .....	(c).....	.....
4.	Real estate .....	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	(e).....3,355,531	.....1,948,994
7.	Derivative instruments .....	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income .....	4,083,675	2,709,480
11.	Investment expenses .....		(g).....
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g).....
13.	Interest expense .....		(h).....
14.	Depreciation on real estate and other invested assets .....		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....0
17.	Net investment income (Line 10 minus Line 16) .....		2,709,480
DETAILS OF WRITE-INS			
0901.	.....		
0902.	.....		
0903.	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) .....	0	0
1501.	.....		
1502.	.....		
1503.	.....		
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Totals (Lines 1501 through 1503 plus 1598) (Line 15 above) .....		0

(a) Includes \$ .....accrual of discount less \$ .....1,365,426 amortization of premium and less \$ .....10,250 paid for accrued interest on purchases.  
(b) Includes \$ .....accrual of discount less \$ ..... amortization of premium and less \$ .....0 paid for accrued dividends on purchases.  
(c) Includes \$ .....0 accrual of discount less \$ .....0 amortization of premium and less \$ ..... paid for accrued interest on purchases.  
(d) Includes \$ ..... for company's occupancy of its own buildings; and excludes \$ ..... interest on encumbrances.  
(e) Includes \$ .....accrual of discount less \$ .....52,301 amortization of premium and less \$ ..... paid for accrued interest on purchases.  
(f) Includes \$ .....accrual of discount less \$ ..... amortization of premium.  
(g) Includes \$ ..... investment expenses and \$ ..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.  
(h) Includes \$ ..... interest on surplus notes and \$ ..... interest on capital notes.  
(i) Includes \$ ..... depreciation on real estate and \$ ..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....			.....0		
1.1	Bonds exempt from U.S. tax .....			.....0		
1.2	Other bonds (unaffiliated) .....	.....(79,769)		.....(79,769)		
1.3	Bonds of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.1	Preferred stocks (unaffiliated) .....	.....0	.....0	.....0	.....0	.....0
2.11	Preferred stocks of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.2	Common stocks (unaffiliated) .....	.....0	.....0	.....0	.....0	.....0
2.21	Common stocks of affiliates .....	.....0	.....0	.....0	.....0	.....0
3.	Mortgage loans .....	.....0	.....0	.....0	.....0	.....0
4.	Real estate .....	.....0	.....0	.....0		.....0
5.	Contract loans .....			.....0		
6.	Cash, cash equivalents and short-term investments .....	.....(2,348)		.....(2,348)	.....0	.....0
7.	Derivative instruments .....			.....0		
8.	Other invested assets .....	.....0	.....0	.....0	.....0	.....0
9.	Aggregate write-ins for capital gains (losses) .....	.....0	.....0	.....0	.....0	.....0
10.	Total capital gains (losses) .....	.....(82,117)	0	.....(82,117)	0	0
DETAILS OF WRITE-INS						
0901.	.....					
0902.	.....					
0903.	.....					
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) .....	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	0	0	0
2.2 Common stocks .....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	0	0	0
3.2 Other than first liens .....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale .....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans .....	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA) .....	0	0	0
9. Receivables for securities .....	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets .....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	0	0	0
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued .....	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums and contracts subject to redetermination .....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	0	0	0
16.2 Funds held by or deposited with reinsured companies .....	0	0	0
16.3 Other amounts receivable under reinsurance contracts .....	0	0	0
17. Amounts receivable relating to uninsured plans .....	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	0	0	0
18.2 Net deferred tax asset.....	0	0	0
19. Guaranty funds receivable or on deposit .....	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets .....	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0
23. Receivables from parent, subsidiaries and affiliates .....	0	8,811,908	8,811,908
24. Health care and other amounts receivable.....	2,571,757	6,232,424	3,660,667
25. Aggregate write-ins for other-than-invested assets .....	1,390,831	1,252,987	(137,844)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	3,962,588	16,297,319	12,334,731
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	3,962,588	16,297,319	12,334,731
DETAILS OF WRITE-INS			
1101. ....		0	0
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Other non-admitted assets (prepaids).....	245,127	538,136	293,009
2502. ASO prepayments.....	1,102,128	671,275	(430,853)
2503. Deposits with providers.....	43,576	43,576	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,390,831	1,252,987	(137,844)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	425,376	448,076	435,870	443,601	447,501	5,316,613
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business.....	105,030	83,070	80,662	79,257	77,942	968,767
7. Total	530,406	531,146	516,532	522,858	525,443	6,285,380
DETAILS OF WRITE-INS						
0601. Medicare Part D.....	105,030	83,070	80,662	79,257	77,942	968,767
0602. ....	.0					
0603. ....						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	105,030	83,070	80,662	79,257	77,942	968,767

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The financial statements of WellCare Health Insurance Company of Kentucky, Inc. (the “Company”), domiciled in the state of Kentucky, are presented on the basis of accounting practices prescribed or permitted by the Kentucky Department of Insurance (the “Department”).

The Department recognizes only statutory accounting practices prescribed or permitted by the state of Kentucky for determining and reporting the financial condition, results of operations, and cash flows of an insurance company for determining its solvency under Kentucky insurance law. The National Association of Insurance Commissioners Accounting Practices and Procedures manual, (“NAIC SAP”) has been adopted as a component of prescribed or permitted practices by the state of Kentucky. The state has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. These modifications had no effect on statutory surplus.

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Kentucky is shown below:

	For the year ended December 31,	
	<u>2015</u>	<u>2014</u>
Net Income - Kentucky Basis	\$ 118,976,118	\$ 88,988,656
State Prescribed Practices - None	-	-
State Permitted Practices - None	-	-
Net Income - NAIC SAP	<u>\$ 118,976,118</u>	<u>\$ 88,988,656</u>
	Balance at December 31,	
	<u>2015</u>	<u>2014</u>
Statutory Capital and Surplus - Kentucky Basis	\$ 301,344,212	\$ 211,709,187
State Prescribed Practices - None	-	-
State Permitted Practices - None	-	-
Statutory Capital and Surplus - NAIC SAP	<u>\$ 301,344,212</u>	<u>\$ 211,709,187</u>

B. Uses of Estimates in the Preparation of the Financial Statements.

The preparation of financial statements in accordance with statutory accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The primary use of estimates are related to the Company’s reserve for claims unpaid. Actual results could differ significantly from those estimates.

C. Accounting Policy

*Net Premium Income*

The Company earns net premium income through participation in Medicaid, Medicaid-related and Medicare programs, including the Medicare Part D prescription drug program (“Part D plans”). Medicaid contracts with state agencies generally are multi-year contracts subject to annual renewal provisions, while Medicare contracts with the Center for Medicare and Medicaid Services (“CMS”) renew annually. Medicare and Medicaid contracts establish fixed, monthly premium rates per member, which are generally determined at the beginning of each new contract renewal period; however, premiums may be adjusted by CMS and state agencies throughout the terms of the contracts in certain cases. Premium rate changes are recognized in the period the change becomes effective, when the effect of the change in the rate is reasonably estimable, and collection is assured.

*Risk-Adjusted Premiums and Risk Corridor Provisions*

CMS provides risk-adjusted payments for Part D Plans based on the demographics and health severity of enrollees. The Company develops their estimates for risk-adjusted premiums utilizing historical experience, or other data, and predictive models as sufficient member risk score data becomes available over the course of each CMS plan year. The Company’s Part D plan premiums are also subject to risk sharing through the CMS risk corridor provisions. The risk corridor calculation compares the Company’s actual experience to the target amount of prescription drug costs, limited to costs under the standard coverage as defined by CMS, less rebates included in the Company’s submitted plan year bid. The Company receives additional premium from CMS if their actual experience is more than 5% above the target amount. The Company refunds premiums to CMS if their actual experience is more than 5% below the target amount. Based on the risk corridor provision and Part D plan activity-to-date, an estimated risk-sharing receivable or payable is recorded on as an adjustment to net premium income.

## NOTES TO FINANCIAL STATEMENTS

### *Medicare Minimum Loss Ratio*

Beginning in 2014, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the "ACA"), requires the establishment of a minimum medical loss ratio ("MLR") for Medicare Advantage plans and Part D plans, requiring them to spend not less than 85% of premiums on medical benefits. The rules implementing the minimum MLR impose financial and other penalties for failing to achieve the minimum MLR, including requirements to refund to CMS shortfalls in amounts spent on medical benefits and termination of a plan's MA contract for prolonged failure to achieve the minimum MLR. MLR is determined by adding a plan's spending for clinical services, prescription drugs and other direct patient benefits, plus its total spending on quality improvement activities and dividing the total by earned premiums (after subtracting specific identified taxes and other fees). No refund was due or payable to CMS for this provision in 2015 or 2014.

### *Medicaid Minimum Loss Ratio*

The Company's Medicaid contract with Kentucky Department of Medicaid Services ("KDMS") for ACA expansion members includes a provision whereby the Company shares the risk with KDMS for any minimum loss ratio outside the Risk Corridor of 82%-92% of the premiums received related to allowable medical benefits expense, as defined in the contract ("Risk Corridor provision"). To the extent that the Company expends less than the minimum or more than the maximum percentage of the premiums, offset by allowable taxes and assessments, on allowable medical benefits expense, including allowable quality improvement expenses, in any contract year as required by the Risk Corridor provision, the Company is required to share 80% of the difference between the minimum and the actual allowable medical benefits expense with KDMS. The Company performs a calculation of the Risk Corridor provision each reporting period and accrues an estimate for amounts to be refunded or collected based on its current estimates of ultimate loss experience for the contract period. At December 31, 2015, no premium refund was due or accrued for the 2015 calendar year and a premium refund of \$18,712,233 was accrued for the 2014 calendar year associated with these contract provisions.

1. *Short-term investments* - are stated at amortized cost.
2. *Bonds* - Bonds not backed by other loans are stated at amortized cost using a straight line method of amortization (accretion) of discounts or premiums.
3. *Common Stocks* - None.
4. *Preferred Stocks* - None.
5. *Mortgage Loans* - None.
6. *Loan-Backed Securities* - None.
7. *Investment in Subsidiaries, Controlled and Affiliated Companies* - None.
8. *Investments in Joint Ventures, Partnerships and Limited Liability Companies* - None.
9. *Derivatives* - None.
10. *Premium Deficiency* - the Company's contracts are evaluated to determine if it is probable that a loss will be incurred. A premium deficiency reserve ("PDR") is established when it is probable that expected claims payments or incurred costs, claims adjustment expenses, and administration expenses will exceed future premiums and reinsurance recoveries for the remainder of a contract period. For purposes of determining a PDR, investment income is excluded and contracts are grouped in a manner consistent with the method of marketing, servicing and measuring the profitability of such contracts. A PDR is recorded as an aggregate health policy reserves and as an increase in reserves for life and accident and health contracts. Once established, a PDR is reduced over the contract period as an offset to actual losses. The PDR estimates are re-evaluated each reporting period and, if estimated future losses differ from those in the current PDR estimate, the liability is adjusted through increase in reserves for life and accident and health contracts, as necessary. The Company had no PDR liability recorded within its liabilities as of December 31, 2015 and 2014.
11. *Unpaid Losses and Loss Adjustment Expenses* - The Company recognizes the cost of medical benefits in the period in which services are provided, including an estimate of the cost of medical benefits incurred but not reported ("IBNR"). Medical benefits incurred and claims adjustment expenses include claim payments, capitation payments, pharmacy costs net of rebates, allocations of certain centralized expenses, legal and administrative costs to settle claims, and various other costs incurred to provide health insurance coverage to members.

The Company also records direct medical expenses for estimated referral claims related to health care providers under contract with the Company who are financially troubled or insolvent and who may not be able to honor their obligations for the costs of medical services provided by others. In these instances, the Company may be required to honor these obligations for legal or business reasons. Based on the current assessment of providers under contract with the Company, such losses have not been and are not expected to be significant. The Company records direct medical expense for estimates of provider settlements due to clarification of contract terms, out-of-network reimbursement, claims payment differences and amounts due to contracted providers under risk-sharing arrangements.

Claims unpaid represents amounts for claims fully adjudicated but not yet paid and estimates for IBNR. The Company's estimate of IBNR is the most significant estimate included in the financial statements. The Company determines the best estimate of the base liability for IBNR utilizing consistent standard actuarial methodologies based upon key assumptions which vary by business segment. The assumptions include current payment experience, trend factors, and completion factors. Trend factors in standard

## NOTES TO FINANCIAL STATEMENTS

actuarial methodologies include contractual requirements, historic utilization trends, the interval between the date services are rendered and the date claims are paid, denied claims activity, disputed claims activity, benefit changes, expected health care cost inflation, seasonality patterns, maturity of lines of business, changes in membership and other factors.

After determining an estimate of the base liability for IBNR, the Company makes an additional estimate, also using standard actuarial techniques, to account for adverse conditions that may cause actual claims to be higher than the estimated base reserve. This additional liability is referred to as the provision for moderately adverse conditions. The estimate of the provision for moderately adverse conditions captures the potential adverse development from factors such as:

- entry into new geographical markets;
- provision of services to new populations such as the aged, blind and disabled;
- variations in utilization of benefits and increasing medical costs, including higher drug costs;
- changes in provider reimbursement arrangements;
- variations in claims processing speed and patterns, claims payment and the severity of claims; and
- health epidemics or outbreaks of disease such as the flu or enterovirus.

The Company considers the base actuarial model liability and the provision for moderately adverse conditions as part of the overall assessment of the IBNR estimate to properly reflect the complexity of its business, the number of states in which it operates, and the need to account for different health care benefit packages among those states. The Company evaluates estimates of medical benefits payable as it obtains more complete claims information and medical expense trend data over time. The Company records differences between actual experience and estimates used to establish the liability, which is referred to as favorable and unfavorable prior period developments, as increases or decreases to medical benefits expense in the period the Company identifies the differences.

12. *Capitalization Policy* – N/A

13. *Pharmacy Rebates* - Pharmacy rebates are recorded on an accrual basis and are estimated based on invoices that have been prepared using actual prescriptions filled, historical utilization and contract terms and records such amounts as a reduction of total hospital and medical cost.

D. Going Concern – None.

### 2. Accounting Changes and Correction of Errors

None.

### 3. Business Combinations and Goodwill

None.

### 4. Discontinued Operations

None.

### 5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans – None
- B. Debt Restructuring – None
- C. Reverse Mortgages – None
- D. Loan-Backed Securities – None
- E. Repurchase Agreements and/or Securities Lending Transactions – None
- F. Real Estate – None
- G. Low Income Housing Tax Credits - None
- H. Restricted Assets (Including pledged).





NOTES TO FINANCIAL STATEMENTS

(1)	2015			2014		
	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	\$ 7,623,919	\$ -	\$ 7,623,919	\$ 9,299,745	\$ -	\$ 9,299,745
(b) Statutory Valuation Allowance Adjustments	-	-	-	-	-	-
(c) Adjusted Gross Deferred Tax Assets	7,623,919	-	7,623,919	9,299,745	-	9,299,745
(d) Deferred Tax Assets Nonadmitted	-	-	-	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset	7,623,919	-	7,623,919	9,299,745	-	9,299,745
(f) Deferred Tax Liabilities	-	-	-	-	-	-
(g) Net Admitted Deferred Tax Asset/Liability	\$ 7,623,919	\$ -	\$ 7,623,919	\$ 9,299,745	\$ -	\$ 9,299,745
(2)						
Admission Calculation Components						
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	\$ 7,623,919	\$ -	\$ 7,623,919	\$ 9,299,745	\$ -	\$ 9,299,745
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized After Application of the Threshold Limitation	-	-	-	-	-	-
1. Adjusted Gross Deferred Tax Asset Expected to be Realized Following the Balance Sheet Date	-	-	-	-	-	-
2. Adjusted Gross Deferred Tax Asset Allowed per Limitation Threshold	-	-	43,520,312	-	-	19,991,477
(c) Adjusted Gross Deferred Tax Assets Offset by Gross Deferred Tax Liabilities	-	-	-	-	-	-
(d) Deferred Tax Assets Admitted as the result of application of SSAP No 101	\$ 7,623,919	\$ -	\$ 7,623,919	\$ 9,299,745	\$ -	\$ 9,299,745

(1)	Change		
	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	\$ (1,675,826)	\$ -	\$ (1,675,826)
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets	(1,675,826)	-	(1,675,826)
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset	(1,675,826)	-	(1,675,826)
(f) Deferred Tax Liabilities	-	-	-
(g) Net Admitted Deferred Tax Asset/Liability	\$ (1,675,826)	\$ -	\$ (1,675,826)
(2)			
Admission Calculation Components			
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	\$ (1,675,826)	\$ -	\$ (1,675,826)
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized After Application of the Threshold Limitation	-	-	-
1. Adjusted Gross Deferred Tax Asset Expected to be Realized Following the Balance Sheet Date	-	-	-
2. Adjusted Gross Deferred Tax Asset Allowed per Limitation Threshold	-	-	23,528,835
(c) Adjusted Gross Deferred Tax Assets Offset by Gross Deferred Tax Liabilities	-	-	-
(d) Deferred Tax Assets Admitted as the result of application of SSAP No 101	\$ (1,675,826)	\$ -	\$ (1,675,826)

(3)	2015	2014
(a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation in 2(b)2 above	346%	289%
(b) Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 above	\$ 290,135,414	\$ 199,914,773

NOTES TO FINANCIAL STATEMENTS

(4) Impact of Tax-Planning Strategies	12/31/2015		12/31/2014	
	Ordinary	Capital	Ordinary	Capital
(a) Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, By Tax Character as a Percentage				
(1) Adjusted Gross DTA Amount				
From Note 9A1c	7,623,919	-	9,299,745	-
(2) Percentage of Adjusted Gross DT As By Tax Character Attributable To The Impact of Tax Planning Strategies	0%	0%	0%	0%
(3) Net Admitted Asjusted Gross DT As Amount From Note 9A1e	7,623,919	-	9,299,745	
(4) Percentage of Net Admitted Adjusted Gross DT As By Tax Character Admitted Because of The Impact of Tax Planning Strategies	0%	0%	0%	0%
(b) Does the Company's tax-planning strategies include the use of reinsurance?	Yes		No	X

(4) Impact of Tax-Planning Strategies	Change	
	Ordinary	Capital
(a) Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, By Tax Character as a Percentage		
(1) Adjusted Gross DTA Amount		
From Note 9A1c	(1,675,826)	-
(2) Percentage of Adjusted Gross DT As By Tax Character Attributable To The Impact of Tax Planning Strategies	0%	0%
(3) Net Admitted Asjusted Gross DT As Amount From Note 9A1e	(1,675,826)	-
(4) Percentage of Net Admitted Adjusted Gross DT As By Tax Character Admitted Because of The Impact of Tax Planning Strategies	0%	0%

B. Unrecognized Deferred Tax Liabilities – None.

C. Current income taxes incurred consist of the following major components:

(1) Current Income Tax	12/31/2015	12/31/2014	Change
(a) Federal	\$ 92,429,830	\$ 61,653,964	\$ 30,775,866
(b) Foreign	-		
(c) Subtotal	\$ 92,429,830	\$ 61,653,964	\$ 30,775,866
(d) Federal income tax on net capital gains	-	-	-
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income taxes incurred	\$ 92,429,830	\$ 61,653,964	\$ 30,775,866

NOTES TO FINANCIAL STATEMENTS

(2) Deferred Tax Assets	12/31/2015	12/31/2014	Change
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 3,149,461	\$ 2,958,882	190,579
(2) Unearned premium reserve	1,916,086	-	1,916,086
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	-	-	-
(8) Compensation and benefits accrual	726	565	161
(9) Pension accrual	-	-	-
(10) Receivables - nonadmitted	900,115	5,265,516	(4,365,401)
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	-	-	-
(13) Other	1,657,531	1,074,782	582,749
Subtotal	\$ 7,623,919	\$ 9,299,745	\$ (1,675,826)
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets	\$ 7,623,919	\$ 9,299,745	\$ (1,675,826)
(e) Capital			
(1) Investments	\$ -	-	\$ -
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other	-	-	-
Subtotal	\$ -	\$ -	\$ -
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets	-	-	-
(i) Admitted deferred tax assets	\$ 7,623,919	\$ 9,299,745	\$ (1,675,826)
(3) Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	-	-	-
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other	-	-	-
Subtotal	-	-	-
(b) Capital			
(1) Investments	-	-	-
(2) Real estate	-	-	-
(3) Other	-	-	-
Subtotal	-	-	-
(c) Deferred tax liabilities	-	-	-
(4) Net deferred tax assets/liabilities	\$ 7,623,919	\$ 9,299,745	\$ (1,675,826)

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate - The Company’s provision for federal income taxes incurred for the year ended December 31, 2015 differs from the amount obtained by applying the federal statutory rate of 35% to net loss before federal income taxes. The significant items causing this difference are as follows:

NOTES TO FINANCIAL STATEMENTS

		<u>2015</u>	<u>% of Pre-tax Income</u>
Provision computed at statutory rate	\$	73,992,083	35.00%
Intangible tax amortization		(51,579)	-0.02%
Change in non-admitted assets		4,317,156	2.04%
Nondeductible expenses		448,983	0.21%
ACA insurer fee		15,503,033	7.33%
Other		(104,020)	-0.05%
Total statutory income tax	\$	94,105,656	44.51%

		<u>2015</u>	<u>% of Pre-tax Income</u>
Federal income taxes incurred	\$	92,429,830	43.72%
Change in net deferred income taxes		1,675,826	0.79%
Total statutory income tax	\$	94,105,656	44.51%

E. Net Operating Loss Carryforwards

1. At December 31, 2015, the Company had no federal operating loss carryforwards.
2. The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:
- |                               |              |
|-------------------------------|--------------|
| 12/31/2015 (current year)     | \$92,430,596 |
| 12/31/2014 (first prior year) | \$61,663,801 |

3. As of December 31, 2015, there were no aggregate amounts of deposits reported as admitted assets under Section 6603 of the Internal Revenue Services (IRS) Code.

F. Consolidated Federal Income Tax Return

1. The Company and its affiliated entities (as listed on Schedule Y, Part 1) are included in the consolidated federal income tax return of WellCare Health Plans, Inc. ("WellCare").
2. Federal Income Tax Allocation - The Company is included in the consolidated federal income tax return of WellCare and its includable subsidiaries. Estimated tax payments are made quarterly, at which time intercompany tax settlements are made. In the subsequent year, additional settlements are made on the unextended due date of the return and at the time that the return is filed. The method of allocation among affiliates of the Company is subject to a written agreement approved by the Board of Directors and based upon separate tax return calculation with current credit for net losses to the extent the losses provide a benefit in the consolidated tax return.

G. The Company has no federal or foreign income tax loss contingencies as of December 31, 2015. The Company is not expecting any increase in its income tax loss contingency within the next 12 months.

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A. B. and C. Relationship/Transactions and Amounts.

*Affiliated Management Agreement*

The Company has an affiliated management agreement with Comprehensive Health Management Inc., ("CHMI") to provide certain management, administrative services, claims processing services, utilization review, payroll services and the majority of the administrative functions of the Company, excluding certain sales and marketing functions and other professional consulting expenses. Additionally, CHMI is responsible for maintaining the claims related data processing equipment and software.

The management agreement provides for charges of 9.5% to 11% of Medicare gross premium revenue earned depending on the Company's membership and a flat 7% for the Medicaid gross premium revenue earned. Based on the current membership level of the Company, management fees charged for the years ended December 31, 2015 and 2014 were 9.5% of gross premiums earned for the Medicare premiums and 7% for the Medicaid premiums. Management believes this established range to be an approximation of current market rates; however, future adjustments to these rates may be necessary as changes in regulations, scopes of services and market dynamics occur. It is unknown at this time if any changes in the management fee rates would have a material effect on the Company's financial condition, results of operations and cash flows in past, current and future periods reported.

During 2015 and 2014, respectively, the Company incurred \$198,701,990 and \$172,896,845 for services under the management agreement with CHMI. At December 31, 2015 and 2014, respectively, the amount due to CHMI was \$1,966,422 and \$4,396,018 related to the management fee agreement.

## NOTES TO FINANCIAL STATEMENTS

In addition to the management services agreement, CHMI also processes and pays: salary related expenses related to the Company's sales and marketing personnel, trade payables and other direct expenses incurred by the Company. The Company reimburses CHMI for these expenses processed and paid on the Company's behalf. Amounts due from CHMI related to these transactions were \$11,048,805 and \$13,205,751 as of December 31, 2015 and 2014, respectively. Any balances resulting in a net amount due (to)/from CHMI are non-admitted in accordance with statutory accounting principles. Amounts due (to)/from CHMI are normally settled within 30 days.

Amounts due to/from Affiliates resulting from intercompany arrangements are non-interest bearing and are generally settled within 30 days.

### *Affiliated Agreements*

The Company assumes reinsurance coverage from its affiliate, WellCare of Texas, Inc., to cover out-of-network claims on Medicare Advantage point-of-service plans offered in the State of Arizona.

The Company has an affiliated joint enterprise agreement with WellCare Prescription Insurance, Inc. The two Parties to this agreement provide Medicare prescription drug plan services to Medicare Part D beneficiaries in their respective service areas.

### *Dividends*

The Company paid an ordinary cash dividend of \$20,000,000 on September 25, 2015 and an extraordinary cash dividend of \$20,000,000 on December 17, 2015 to the Parent Company, The WellCare Management Group, Inc. ("WMG"). There were no cash dividends paid in 2014.

D. Intercompany Balances - At December 31, 2015, the Company had no receivables from parent, subsidiaries and affiliates and a \$2,808,585 payable to parent, subsidiaries and affiliates.

E. Guarantees on Undertakings for the Benefit of an Affiliate – None.

F. Management/Cost Sharing Agreements - See Note 10A, B, and C above.

G. Control/Ownership - All outstanding shares of the Company are owned by the Parent Company, The WellCare Management Group, Inc. which is owned by WCG Health Management, Inc. which is in turned owned by WellCare Health Plans, Inc., an insurance holding company domiciled in the State of Delaware.

H. I. J. K. and L. Controlled Entities/Investments in SCA/Foreign Insurance Subsidiary/Downstream Noninsurance Holding Company – None.

### **11. Debt**

A. Debt – None

B. Federal Home Loan Bank Agreements – None

### **12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

None.

### **13. Capital and Surplus, Shareholder' Dividend Restrictions and Quasi-Reorganizations**

1. *Number of Shares* - The Company has 2,500,000 shares of \$1 par value common stock issued and outstanding.

2. *Preferred Stock Issues* – None.

3. *Dividend Restrictions* - Without prior approval of its domiciliary commissioner or department of insurance, dividends to shareholders must be paid from earned surplus amounts and are limited to the lesser of ten percent of the companies surplus or the net income for the 12 month period ending as of the prior year as set forth in the laws of the Company's state of incorporation, Kentucky.

4. *Dividends Paid* - Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholder. The Company paid an ordinary cash dividend of \$20,000,000 on September 25, 2015 and an extraordinary cash dividend of \$20,000,000 on December 17, 2015 to WMG. There were no cash dividends paid in 2014.

5. *Dividend Capacity and Required Minimum Capital* – The amount available for dividend distribution during 2016 is \$30,134,421, which was based on 10% of surplus. Kentucky Statutes require that each Kentucky Health entity maintain a minimum surplus equal to the greater of the Company Action Level Risk Based Capital ("RBC") Calculation or \$1,500,000. At December 31, 2015, the Company's required minimum capital and surplus was \$170,817,224, based on RBC, and the total actual capital and surplus was \$301,344,212.

6. *Restrictions on Unassigned Funds* – None.

7. *Amount of Advances to Surplus, Not Repaid* – None.

8. *Stock Held of Affiliated Entities* – None.

9. *Changes in Balances of Any Special Surplus Funds* – Changes in balances of special surplus funds from prior year is due to the

## NOTES TO FINANCIAL STATEMENTS

estimated health insurance industry fee that will be payable on September 30, 2016.

10. *Unrealized Gains and Losses* – None.

11. *Surplus Notes* – None.

12. *Quasi-Reorganizations* – None.

13. *Effective Date of Quasi-Reorganization* – N/A

### 14. Liabilities, Contingencies and Assessments

A. Contingent Commitments – None.

B. Assessments – None.

C. Gain Contingencies – None.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming From Lawsuits – None.

E. Joint and Several Liabilities – None.

F. All Other Contingencies – The Company's ultimate parent, WellCare, is a party to a number of legal actions and regulatory investigations. These matters do not directly involve the Company and management does not expect the matters to have an impact on the Company's financial position.

### 15. Leases

None.

### 16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

None.

### 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales – None

B. Transfer and Servicing of Financial Assets – None

C. Wash Sales – None

### 18. Gain or Loss to the Reporting Entity From Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plans – None

B. ASC Plans – None

C. Medicare of Similarly Structured Cost Based Reimbursement Contract

1. None

2. As of December 31, 2015 and 2014, the Company has recorded receivables of \$26,345,483 and \$30,604,612, respectively, from CMS related to the cost share and reinsurance components of administered Medicare products. This represents 100% of the Company's amounts receivable from uninsured accident and health plans.

3. None

4. None

### 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

None.

### 20. Fair Value Measurement

A. Assets that are measured at fair value on a recurring basis subsequent to initial recognition - None

B. Assets Measured on a Fair Value on a Nonrecurring Basis:

The Company's financial statements include certain financial instruments carried at amounts which approximate fair value, such as, cash, cash equivalents, short-term investments and receivables. The carrying amount approximates fair value because of the short-term nature of these items. The Company has no assets or liabilities measured or reported at fair value as of December 31, 2015 and 2014.

The NAIC SAP defines fair value, establishes a framework for measuring fair value, and outlines the disclosure requirements related to fair value measurements. The fair value hierarchy is as follows:

*Level 1 — Quoted (unadjusted) prices for identical assets or liabilities in active markets:* Investments included in Level 1 consist of money market funds, cash, U.S. government securities and the variable rate bond fund. The carrying amounts of money market funds and cash approximate fair value because of the short-term nature of these instruments. Fair values of the other investments included in Level 1 are based on unadjusted quoted market prices for identical securities in active markets.

*Level 2 — Inputs other than quoted prices in active markets:* Investments in Level 2 consist of certain certificates of deposit, corporate debt, commercial paper, asset-backed and other municipal securities for which fair market valuations are based on quoted prices for identical securities in markets that are not active, quoted prices for similar securities in active markets, broker or dealer

## NOTES TO FINANCIAL STATEMENTS

quotations, or alternative pricing sources or for which all significant inputs are observable, either directly or indirectly, including interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates.

In addition to using market data, the Company makes assumptions when valuing assets and liabilities, including assumptions about risks inherent in the inputs to the valuation technique. When there is not an observable market price for an identical or similar asset or liability, management uses an income approach reflecting their best assumptions regarding expected cash flows, discounted using a commensurate risk-adjusted discount rate.

*Level 3 — Unobservable inputs that cannot be corroborated by observable market data:* Not applicable.

C. None.

D. None.

### 21. Other Items

A. Extraordinary Items – None

B. Troubled Debt Restructuring – None

C. Other Disclosures and Unusual Items

#### *Medicare and Medicaid Contracts*

The Company's Medicare Advantage/Part D and Medicaid/CHP revenues were 5% and 95% of total revenues, respectively. The Company expects that its Medicare contract, which expires on December 31, 2016, will be renewed. The Company's Medicaid contract expires on June 30, 2016 and it includes four additional one-year renewal options upon the mutual agreement of the parties which are expected to be exercised. The Company's operating results could be significantly constrained in the event that the compensation provided under its Medicare and Medicaid contracts are adjusted or if the contracts are not renewed.

D. Business Interruption Insurance Recoveries – None

E. State Transferable and Non-Transferable Tax Credits – None

F. Subprime Mortgage Related Risk Exposure – None

G. Retained Assets – None

### 22. Events Subsequent

#### *ACA Annual Fee*

In January 2014, the NAIC adopted Statement of Statutory Accounting Principles ("SSAP") No. 106, *Affordable Care Act Assessments*. SSAP No. 106 provides guidance on accounting and required disclosure for the annual fee under section 9010 of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act ("ACA"). The ACA imposes an annual fee on health insurers (industry fee), payable to the U.S. government, calculated on net premiums and third-party administrative agreement fees. The accounting guidance states the liability and expense are recognized once the Company provides health insurance for any U.S. health risk on or before January 1, 2014 and each year thereafter. By September 30, 2014 and each year thereafter the liability must be paid. In accordance with SSAP No. 106, the Company paid and expensed \$44,294,379 in 2015. The expense is included on Page 4, Line 21, General administrative expenses, of the Statement of Revenues and Expenses.

Beginning January 31, 2014 and each year thereafter, the estimate for the following year's fee is accrued monthly and separately segregated within surplus as an aggregate write-in. The estimated 2016 fee of \$47,539,000, which is subject to change based on the actual outcome of the Company's and the industry's total taxable premiums for 2015, is reported on Line 25 of Page 3, Liabilities, Capital and Surplus, Aggregate write-ins for special surplus funds. On December 18, 2015, the President signed the Consolidated Appropriations Act, 2016 which, among other provisions, included a one-year moratorium on the ACA industry fee for 2017.

The Company has an agreement with its state Medicaid customer in Kentucky which provides for them to reimburse the Company for the portion of the ACA industry fee attributable to the Medicaid program in the state, including the related state and federal income tax gross-ups. The execution of the agreement enabled the Company to recognize approximately \$70,814,556 and \$29,773,082 reimbursement as premium revenue for the years ending December 31, 2015 and 2014, respectively.



NOTES TO FINANCIAL STATEMENTS

	Current Year	Prior Year
A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the federal Affordable Care Act?	Yes	Yes
B. ACA fee assessment payable for the upcoming year	\$ 47,539,000	\$ 45,803,000
C. ACA fee assessment paid	\$ 44,294,379	\$ 20,593,412
D. Premium written subject to ACA 9010 assessment	\$ 2,682,087,381	\$ 2,415,635,963
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	\$ 301,344,212	
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$ 253,805,212	
G. Authorized Control Level (Five-Year Historical Line 15)	85,408,612	
H. Would reporting the ACA assessment as of December 31, 2015 have triggered an RBC action level?	No	

There were no events occurring subsequent to December 31, 2015 requiring disclosure. Subsequent events have been considered through February 24, 2016 for the Statutory statement issued on February 24, 2016.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General interrogatories

1.

Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by an representative, officer, trustee, or director of the Company?

Yes ( ) No ( X ) If yes, give full details.
2.

Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) which is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes ( ) No ( X ) If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

1.

Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?

Yes ( ) No ( X ) If yes, give full details.

a.

If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the company to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate. N/A.

b.

What is the total amount of reinsurance credit taken, whether as an asset or as a reduction of liability, for these agreements in this statement? \$0
2.

Does the Company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( ) No ( X ) If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

1.

What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above), of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate. N/A
2.

Have any new agreements been executed or existing agreement amended, since January 1 of the year of this statement, to include policies or contracts which were in-force or which had existing reserves established by the Company as of the

NOTES TO FINANCIAL STATEMENTS

effective date of the agreement?

Yes ( ) No ( X ) If yes, what is the amount of reinsurance credits, whether an asset or reduction of liability, taken for such agreements or amendments? N/A

- B. Uncollectible Reinsurance – None.
- C. Commutation of Ceded Reinsurance – None.
- D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation – None.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. B. C. D. – Not applicable.
- E. Risk-Sharing Provisions of the Affordable Care Act (ACA) – Not applicable.

25. Change in Incurred Claims and Claim Adjustment Expenses

The estimated cost of claims expense attributable to insured events of the prior year decreased by \$56,519,309 during 2015. This is approximately 19.7% of unpaid claims expenses of \$287,236,907 as of December 31, 2014. Excluding the prior period development related to the release of the provision for moderately adverse conditions, medical benefits expense for the period ending December 31, 2015 was impacted by approximately \$11,982,795 of net unfavorable development related to prior periods.

26. Intercompany Pooling Arrangements

None.

27. Structured Settlements

None.

28. Healthcare Receivables

Healthcare receivables principally represent pharmacy rebates. Healthcare receivables are subject to various limits based on the nature of the receivable balance. Pharmacy rebates are recorded on an accrual basis and estimated using invoices that have been prepared using actual prescriptions filled. Pharmacy rebates receivable at December 31, 2015 total \$25,418,831 of which \$408,911 is aged ninety days of older and is non-admitted.

The following is a summary of pharmacy rebates by quarter:

Quarter Ending	Estimated Rebates	Rebates Invoiced	Collected Within 90 days of Invoicing	Collected Within 91 to 180 days of Invoicing	Collected More than 180 days of Invoicing
31-Dec-2015	14,838,667		91,993		
30-Sep-2015	25,938,608	26,573,001	16,172,491		
30-Jun-2015	20,127,811	22,912,774	21,799,677	3,482,313	
31-Mar-2015	17,516,752	17,043,915	15,837,867	363,605	23,227
31-Dec-2014	17,751,716	16,161,200	14,766,376	1,074,655	141,538
30-Sep-2014	14,268,743	14,388,939	14,000,648	180,739	26,374
30-Jun-2014	12,021,520	11,689,348	9,128,439	2,548,709	66,677
31-Mar-2014	10,103,729	9,925,766	9,108,204	381,618	190,883
31-Dec-2013	7,564,215	7,927,994	6,416,945	1,466,257	23,062
30-Sep-2013	6,491,042	6,979,194	6,516,135	267,816	146,630
30-Jun-2013	4,829,793	4,824,690	4,066,819	1,286,077	19,118
31-Mar-2013	4,464,267	4,490,980	1,642,488	3,252,529	70,187

- B. Risk sharing receivables billed, received and accrued for three years – None.

29. Participating Policies

None.

30. Premium Deficiency Reserves

The following table summarizes the Company’s premium deficiency reserves as of December 31, 2015:

- |   |                   |
|---|-------------------|
| 1. Liability carried for premium deficiency reserves              | \$0               |
| 2. Date of most recent evaluation of this liability               | December 31, 2015 |
| 3. Was anticipated investment income utilized in the calculation? | No                |

31. Anticipated Salvage and Subrogation

None.

NOTES TO FINANCIAL STATEMENTS

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐
- If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ N/A ☐
- 1.3

State Regulating?

Kentucky.....
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 2.2

If yes, date of change:

.....
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/2012
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

.....12/31/2012
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

.....06/11/2014
- 3.4

By what department or departments? Illinois Department of Insurance.....
- 3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☐ No ☐ N/A ☒
- 3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes ☒ No ☐ N/A ☐
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes ☐ No ☒
- 4.12 renewals?

Yes ☐ No ☒
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes ☐ No ☒
- 4.22 renewals?

Yes ☐ No ☒
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒
- 6.2

If yes, give full information .....
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒
- 7.2

If yes,

- 7.21

State the percentage of foreign control

.....
- 7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [ X ]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [ X ]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Deloitte & Touche LLP, 201 E. Kennedy Blvd, Suite 1200, Tampa FL 33634.....

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [ X ]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [ X ]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [ X ] No [ ] N/A [ ]

10.6 If the response to 10.5 is no or n/a, please explain

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Larry Smart (Employee), WellCare Health Plans, Inc, 8735 Henderson Road, Tampa FL 33634.....

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [ X ]

12.11 Name of real estate holding company .....

12.12 Number of parcels involved .....

12.13 Total book/adjusted carrying value \$.....

12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [ X ] No [ ]

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [ X ] No [ ]

14.21 If the response to 14.2 is yes, provide information related to amendment(s)  
Minor revisions and clarifications of existing provisions. Adopted by the Board of Directors on April 16, 2015.....

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [ X ]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?
- Yes [ ] No [ X ]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1	2	3	4
American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Circumstances That Can Trigger the Letter of Credit	Amount

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?
- Yes [ X ] No [ ]
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?
- Yes [ X ] No [ ]
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?
- Yes [ X ] No [ ]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?
- Yes [ ] No [ X ]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$.....0
- 20.12 To stockholders not officers \$.....0
- 20.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$.....0
- 20.22 To stockholders not officers \$.....0
- 20.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?
- Yes [ ] No [ X ]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$.....
- 21.22 Borrowed from others \$.....
- 21.23 Leased from others \$.....
- 21.24 Other \$.....
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?
- Yes [ ] No [ X ]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$.....
- 22.22 Amount paid as expenses \$.....
- 22.23 Other amounts paid \$.....
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?
- Yes [ ] No [ X ]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- \$.....

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)
- Yes [ X ] No [ ]
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?
- Yes [ ] No [ ] NA [ X ]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.
- \$.....
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs.
- \$.....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?
- Yes [ ] No [ ] NA [ X ]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?
- Yes [ ] No [ ] NA [ X ]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?
- Yes [ ] No [ ] NA [ X ]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....
- 24.103 Total payable for securities lending reported on the liability page \$.....

GENERAL INTERROGATORIES

- 25.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

Yes ☒ No ☐
- 25.2

If yes, state the amount thereof at December 31 of the current year:

25.21

Subject to repurchase agreements

\$.....

25.22

Subject to reverse repurchase agreements

\$.....

25.23

Subject to dollar repurchase agreements

\$.....

25.24

Subject to reverse dollar repurchase agreements

\$.....

25.25

Placed under option agreements

\$.....

25.26

Letter stock or securities restricted as to sale – excluding FHLB Capital Stock

\$.....

25.27

FHLB Capital Stock

\$.....

25.28

On deposit with states

\$.....3,622,271

25.29

On deposit with other regulatory bodies

\$.....

25.30

Pledged as collateral – excluding collateral pledged to an FHLB

\$.....

25.31

Pledged as collateral to FHLB – including assets backing funding agreements

\$.....

25.32

Other

\$.....

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

- 26.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes ☐ No ☒
- 26.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.

Yes ☐ No ☐ N/A ☐
- 27.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes ☐ No ☒
- 27.2

If yes, state the amount thereof at December 31 of the current year.

\$.....
28.

Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity’s offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping agreements of the NAIC *Financial Condition Examiners Handbook*?

Yes ☐ No ☒

28.01 For agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian’s Address
U.S. Bank.....	Jacksonville, FL.....

28.02 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....	.....	.....
.....	.....	.....
.....	.....	.....

- 28.03

Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes ☐ No ☒
- 28.04

If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

GENERAL INTERROGATORIES

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
.....	.....	.....
.....	.....	.....
.....	.....	.....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes [   ] No [ X ]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....	.....	.....
.....	.....	.....
.....	.....	.....
29.2999 TOTAL		0

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	89,364,960	89,458,060	93,100
30.2 Preferred Stocks.....	0		0
30.3 Totals	89,364,960	89,458,060	93,100

30.4 Describe the sources or methods utilized in determining the fair values:

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [   ] No [ X ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [   ] No [   ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed?

Yes [ X ] No [   ]

32.2 If no, list exceptions:



GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ .....0
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$.....
.....	\$.....
.....	\$.....

- 34.1 Amount of payments for legal expenses, if any? \$ .....0
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$.....
.....	\$.....
.....	\$.....

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ .....0
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$.....
.....	\$.....
.....	\$.....

GENERAL INTERROGATORIES  
PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [ ] No [ X ]

1.2 If yes, indicate premium earned on U. S. business only.

\$ .....0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ .....

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$ .....

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ .....0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

\$ .....0

1.62 Total incurred claims

\$ .....0

1.63 Number of covered lives

.....0

All years prior to most current three years:

1.64 Total premium earned

\$ .....0

1.65 Total incurred claims

\$ .....0

1.66 Number of covered lives

.....0

1.7 Group policies:

Most current three years:

1.71 Total premium earned

\$ .....0

1.72 Total incurred claims

\$ .....0

1.73 Number of covered lives

.....0

All years prior to most current three years:

1.74 Total premium earned

\$ .....0

1.75 Total incurred claims

\$ .....0

1.76 Number of covered lives

.....0

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$ .....2,763,179,073	\$	.....2,419,363,353
2.2	Premium Denominator	\$ .....2,763,179,072	\$	.....2,419,363,353
2.3	Premium Ratio (2.1/2.2)	.....1.000		.....1.000
2.4	Reserve Numerator	\$ .....340,102,284	\$	.....290,598,559
2.5	Reserve Denominator	\$ .....340,102,284	\$	.....296,148,932
2.6	Reserve Ratio (2.4/2.5)	.....1.000		.....0.981

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [ ] No [ X ]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [ X ] No [ ]

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [ X ] No [ ]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes [ X ] No [ ]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical

\$ .....

5.32 Medical Only

\$ .....2,000,000

5.33 Medicare Supplement

\$ .....

5.34 Dental and Vision

\$ .....

5.35 Other Limited Benefit Plan

\$ .....

5.36 Other

\$ .....

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [ X ] No [ ]

7.2 If no, give details

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

.....34,400

8.2 Number of providers at end of reporting year

.....35,600

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes [ ] No [ X ]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

.....

9.22 Business with rate guarantees over 36 months

.....

GENERAL INTERROGATORIES  
PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes [ ] No [ X ]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$.....

10.22 Amount actually paid for year bonuses

\$.....

10.23 Maximum amount payable withholds

\$.....

10.24 Amount actually paid for year withholds

\$.....

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes [ ] No [ X ]

11.13 An Individual Practice Association (IPA), or,

Yes [ ] No [ X ]

11.14 A Mixed Model (combination of above) ?

Yes [ ] No [ X ]

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements?

Yes [ X ] No [ ]

11.3 If yes, show the name of the state requiring such minimum capital and surplus.

Kentucky.....

11.4 If yes, show the amount required.

\$.....170,817,224

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes [ ] No [ X ]

11.6 If the amount is calculated, show the calculation

Minimum Net Worth = Greater of \$1,500,000 or Company Action Level Risk Based Capital ("RBC") Calculation.

12. List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
Alabama.....
Alaska.....
Arizona.....
Arkansas.....
California.....
Colorado.....
Connecticut.....
Delaware.....
District of Columbia.....
Georgia.....
Hawaii.....
Idaho.....
Illinois.....
Indiana.....
Iowa.....
Kansas.....
Kentucky.....
Louisiana.....
Maryland.....
Massachusetts.....
Minnesota.....
Mississippi.....
Missouri.....
Montana.....
Nebraska.....
Nevada.....
New Jersey.....
New Mexico.....
North Dakota.....
Ohio.....
Oklahoma.....
Oregon.....
Pennsylvania.....
Rhode Island.....
South Carolina.....
South Dakota.....
Tennessee.....
Utah.....
Virginia.....
Washington.....
West Virginia.....
Wisconsin.....
Wyoming.....

13.1 Do you act as a custodian for health savings accounts?

Yes [ ] No [ X ]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date.

\$.....

13.3 Do you act as an administrator for health savings accounts?

Yes [ ] No [ X ]

13.4 If yes, please provide the balance of the funds administered as of the reporting date.

\$.....

14.1 Are any of the captive affiliates reported on Schedule S, Part 3 as authorized reinsurers?

Yes [ ] No [ X N/A [ ]

14.2 If the answer to 14.1 is yes, please provide the following:

1	2	3	4	Assets Supporting Reserve Credit		
				5	6	7
Company Name	NAIC Company Code	Domiciliary Jurisdiction	Reserve Credit	Letters of Credit	Trust Agreements	Other

GENERAL INTERROGATORIES  
PART 2 - HEALTH INTERROGATORIES

15. Provide the following for Individual ordinary life insurance\* policies (U.S. business Only) for the current year:
- 15.1 Direct Premium Written (prior to reinsurance ceded)

\$.....
- 15.2 Total incurred claims

\$.....
- 15.3 Number of covered lives

.....

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without Secondary Guarantee)
Universal Life (with or without Secondary Guarantee)
Variable Universal Life (with or without Secondary Guarantee)

FIVE - YEAR HISTORICAL DATA

	1 2015	2 2014	3 2013	4 2012	5 2011
<b>Balance Sheet</b> (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28) .....	691,837,382	522,623,243	291,352,612	184,626,507	112,629,330
2. Total liabilities (Page 3, Line 24) .....	390,493,170	310,914,056	167,805,271	116,041,791	70,247,784
3. Statutory minimum capital and surplus requirement .....	170,817,224	149,455,650	90,234,836	55,743,788	9,964,824
4. Total capital and surplus (Page 3, Line 33) .....	301,344,212	211,709,187	123,547,341	68,584,716	42,381,546
<b>Income Statement</b> (Page 4)					
5. Total revenues (Line 8) .....	2,763,192,173	2,419,363,353	1,403,689,103	743,682,796	155,457,477
6. Total medical and hospital expenses (Line 18) .....	2,281,731,002	2,062,556,860	1,226,540,917	757,518,614	138,589,527
7. Claims adjustment expenses (Line 20) .....	50,786,879	72,914,641	43,011,615	26,691,688	6,472,854
8. Total administrative expenses (Line 21) .....	220,615,018	134,240,495	74,134,413	38,143,523	12,159,180
9. Net underwriting gain (loss) (Line 24) .....	210,059,274	149,651,357	60,002,158	(78,671,029)	(1,764,084)
10. Net investment gain (loss) (Line 27) .....	2,627,363	991,263	584,527	364,517	142,775
11. Total other income (Lines 28 plus 29) .....	(1,280,689)	0	0	0	0
12. Net income or (loss) (Line 32) .....	118,976,118	88,988,656	38,874,044	(50,654,536)	(1,900,836)
<b>Cash Flow</b> (Page 6)					
13. Net cash from operations (Line 11).....	249,053,061	149,174,385	70,966,613	(23,139,958)	56,530,070
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital.....	301,344,212	211,709,187	123,547,341	68,584,716	42,381,546
15. Authorized control level risk-based capital .....	85,408,612	74,727,825	45,117,418	27,871,894	4,982,412
<b>Enrollment</b> (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7) .....	525,443	530,406	358,547	261,795	195,963
17. Total members months (Column 6, Line 7) .....	6,285,380	5,911,513	3,871,440	2,596,797	1,022,957
<b>Operating Percentage</b> (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19) .....	82.6	85.3	87.4	101.9	89.1
20. Cost containment expenses .....	0.8	1.3	1.3	1.5	1.3
21. Other claims adjustment expenses .....	1.1	1.7	1.8	2.1	2.8
22. Total underwriting deductions (Line 23) .....	92.4	93.8	95.7	110.6	101.1
23. Total underwriting gain (loss) (Line 24) .....	7.6	6.2	4.3	(10.6)	(1.1)
<b>Unpaid Claims Analysis</b>					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5) .....	230,717,598	140,232,586	86,675,721	56,013,978	3,877,551
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)] .....	287,236,907	139,031,713	92,687,694	56,466,068	5,021,726
<b>Investments In Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1) .....	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1) .....	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1) .....	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) .....	0	0	0	0	0
30. Affiliated mortgage loans on real estate .....	0	0	0	0	0
31. All other affiliated .....	0	0	0	0	0
32. Total of above Lines 26 to 31.....	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above .....	0	0	0	0	0

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?.....Yes [ ] No [ ]

If no, please explain .....

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

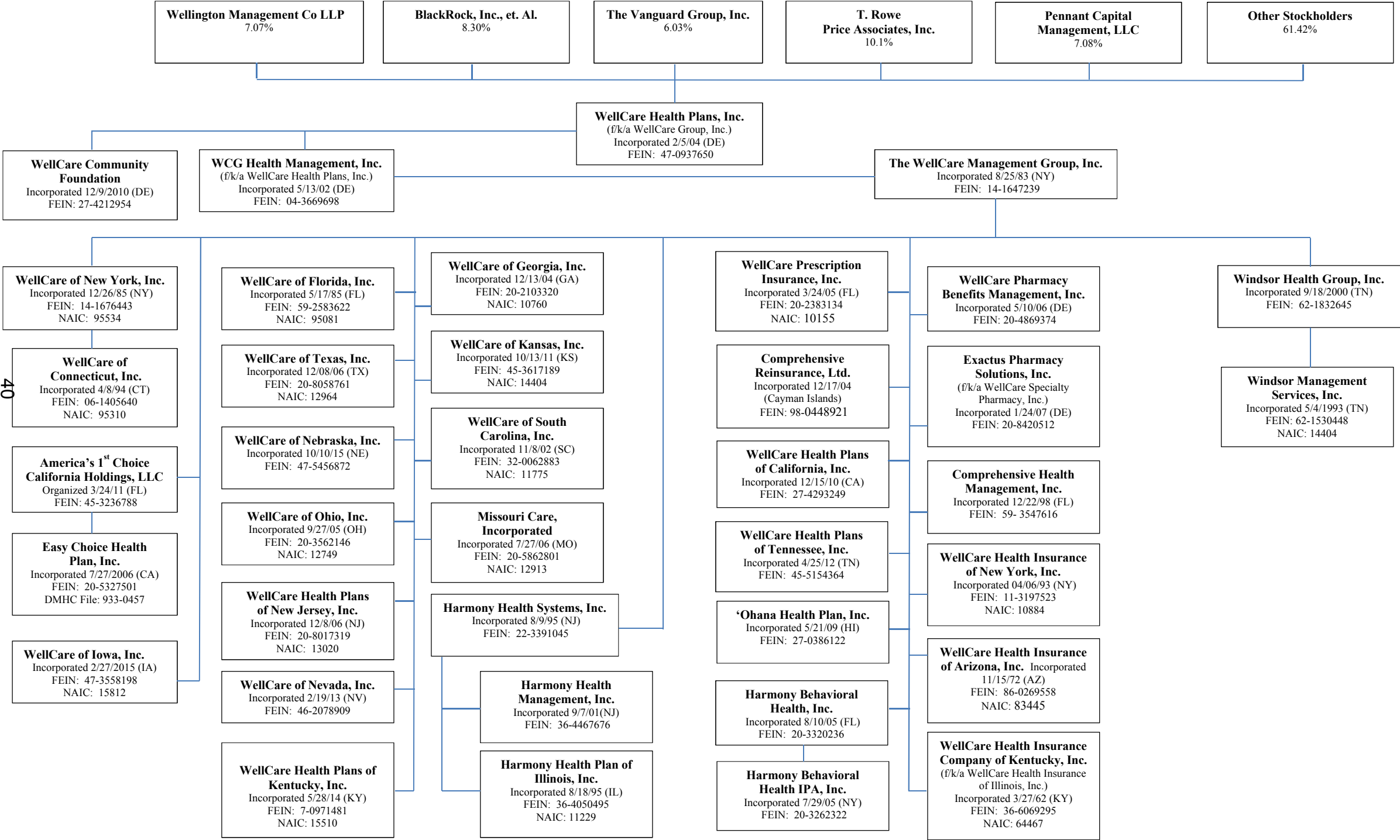
			1	Direct Business Only							
			2	3	4	5	6	7	8	9	
State, Etc.			Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama	AL	L	15,853,033						15,853,033	0
2.	Alaska	AK	L							0	0
3.	Arizona	AZ	L							0	0
4.	Arkansas	AR	L	20,074,978						20,074,978	0
5.	California	CA	L							0	0
6.	Colorado	CO	L	8,127,616						8,127,616	0
7.	Connecticut	CT	L	13,337,673						13,337,673	0
8.	Delaware	DE	L							0	0
9.	District of Columbia	DC	L							0	0
10.	Florida	FL	N							0	0
11.	Georgia	GA	L							0	0
12.	Hawaii	HI	L							0	0
13.	Idaho	ID	L							0	0
14.	Illinois	IL	L							0	0
15.	Indiana	IN	L							0	0
16.	Iowa	IA	L							0	0
17.	Kansas	KS	L							0	0
18.	Kentucky	KY	L	(1,285,937)	79,632,726	2,612,771,872				2,691,118,661	0
19.	Louisiana	LA	L							0	0
20.	Maine	ME	N							0	0
21.	Maryland	MD	L							0	0
22.	Massachusetts	MA	L							0	0
23.	Michigan	MI	N							0	0
24.	Minnesota	MN	L	5,509,696						5,509,696	0
25.	Mississippi	MS	L							0	0
26.	Missouri	MO	L							0	0
27.	Montana	MT	L	1,833,741						1,833,741	0
28.	Nebraska	NE	L							0	0
29.	Nevada	NV	L							0	0
30.	New Hampshire	NH	N							0	0
31.	New Jersey	NJ	L							0	0
32.	New Mexico	NM	L							0	0
33.	New York	NY	N							0	0
34.	North Carolina	NC	N							0	0
35.	North Dakota	ND	L							0	0
36.	Ohio	OH	L							0	0
37.	Oklahoma	OK	L							0	0
38.	Oregon	OR	L							0	0
39.	Pennsylvania	PA	L							0	0
40.	Rhode Island	RI	L	5,827,526						5,827,526	0
41.	South Carolina	SC	L							0	0
42.	South Dakota	SD	L							0	0
43.	Tennessee	TN	L							0	0
44.	Texas	TX	N							0	0
45.	Utah	UT	L							0	0
46.	Vermont	VT	N							0	0
47.	Virginia	VA	L							0	0
48.	Washington	WA	L							0	0
49.	West Virginia	WV	L							0	0
50.	Wisconsin	WI	L							0	0
51.	Wyoming	WY	L							0	0
52.	American Samoa	AS	N							0	0
53.	Guam	GU	N							0	0
54.	Puerto Rico	PR	N							0	0
55.	U.S. Virgin Islands	VI	N							0	0
56.	Northern Mariana Islands	MP	N							0	0
57.	Canada	CAN	N							0	0
58.	Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59.	Subtotal		XXX	69,278,326	79,632,726	2,612,771,872	0	0	0	2,761,682,924	0
60.	Reporting entity contributions for Employee Benefit Plans		XXX							0	
61.	Total (Direct Business)	(a)	43	69,278,326	79,632,726	2,612,771,872	0	0	0	2,761,682,924	0
DETAILS OF WRITE-INS											
58001.			XXX								
58002.			XXX								
58003.			XXX								
58998.	Summary of remaining write-ins for Line 58 from overflow page		XXX	0	0	0	0	0	0	0	0
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)		XXX	0	0	0	0	0	0	0	

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc. Allocated according to benefit state.

(a) Insert the number of L responses except for Canada and other Alien.

# The WellCare Group of Companies as of December 31, 2015



# ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

Analysis of Operations by Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 – Enrollment By Product Type for Health Business Only	17
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18
Exhibit 3 – Health Care Receivables	19
Exhibit 3A – Analysis of Health Care Receivables Collected and Accrued	20
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	21
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	22
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	23
Exhibit 7 – Part 1 – Summary of Transactions With Providers	24
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	24
Exhibit 8 – Furniture, Equipment and Supplies Owned	25
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Nonadmitted Assets	16
Exhibit of Premiums, Enrollment and Utilization (State Page)	30
Five-Year Historical Data	29
General Interrogatories	27
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	26
Overflow Page For Write-Ins	44
Schedule A – Part 1	E01
Schedule A – Part 2	E02
Schedule A – Part 3	E03
Schedule A – Verification Between Years	SI02
Schedule B – Part 1	E04
Schedule B – Part 2	E05
Schedule B – Part 3	E06
Schedule B – Verification Between Years	SI02
Schedule BA – Part 1	E07
Schedule BA – Part 2	E08
Schedule BA – Part 3	E09
Schedule BA – Verification Between Years	SI03
Schedule D – Part 1	E10



# ALPHABETICAL INDEX

---

## ANNUAL STATEMENT BLANK (Continued)

Schedule D – Part 1A – Section 1	SI05
Schedule D – Part 1A – Section 2	SI08
Schedule D – Part 2 – Section 1	E11
Schedule D – Part 2 – Section 2	E12
Schedule D – Part 3	E13
Schedule D – Part 4	E14
Schedule D – Part 5	E15
Schedule D – Part 6 – Section 1	E16
Schedule D – Part 6 – Section 2	E16
Schedule D – Summary By Country	SI04
Schedule D – Verification Between Years	SI03
Schedule DA – Part 1	E17
Schedule DA – Verification Between Years	SI10
Schedule DB – Part A – Section 1	E18
Schedule DB – Part A – Section 2	E19
Schedule DB – Part A – Verification Between Years	SI11
Schedule DB – Part B – Section 1	E20
Schedule DB – Part B – Section 2	E21
Schedule DB – Part B – Verification Between Years	SI11
Schedule DB – Part C – Section 1	SI12
Schedule DB – Part C – Section 2	SI13
Schedule DB – Part D – Section 1	E22
Schedule DB – Part D – Section 2	E23
Schedule DB – Verification	SI14
Schedule DL – Part 1	E24
Schedule DL – Part 2	E25
Schedule E – Part 1 – Cash	E26
Schedule E – Part 2 – Cash Equivalents	E27
Schedule E – Part 3 – Special Deposits	E28
Schedule E – Verification Between Years	SI15
Schedule S – Part 1 – Section 2	31
Schedule S – Part 2	32
Schedule S – Part 3 – Section 2	33
Schedule S – Part 4	34
Schedule S – Part 5	35
Schedule S – Part 6	36
Schedule S – Part 7	37
Schedule T – Part 2 – Interstate Compact	39
Schedule T – Premiums and Other Considerations	38
Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule Y – Part 1A – Detail of Insurance Holding Company System	41
Schedule Y – Part 2 – Summary of Insurer's Transactions With Any Affiliates	42
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01

# ALPHABETICAL INDEX

**ANNUAL STATEMENT BLANK (Continued)**

Supplemental Exhibits and Schedules Interrogatories	43
Underwriting and Investment Exhibit – Part 1	8
Underwriting and Investment Exhibit – Part 2	9
Underwriting and Investment Exhibit – Part 2A	10
Underwriting and Investment Exhibit – Part 2B	11
Underwriting and Investment Exhibit – Part 2C	12
Underwriting and Investment Exhibit – Part 2D	13
Underwriting and Investment Exhibit – Part 3	14

